

BIAS REPRESENTATIVENESS DENGAN PENDEKATAN TREND DAN SEQUENCES: PENGUJIAN OVERVALUE/UNDERVALUE, MOMENTUM, DAN REVERSAL RETURN*)

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Abstract

This research examines momentum and reversal on stock return using past price movement of three categories of portfolio. Psychological bias named as representativeness bias will occur based on trending and non-trending portfolio of winners and losers with a confirm and disconfirm on momentum and reversal. The research will provides an explanation on representativeness bias on Indonesian capital market with focused of momentum and reversal. The research uses time series data of 7410 firms year observation and after several test, excluded around 3660 firms year observation because of lack of data, missing data, and uncommon price movement. Result showed that disconfirming pattern appears on winners portfolio if using Sales and Operating Income as proxies of performance. It will become confirming if using Net income as proxy for performance. This concluded investors that only sees latest information (net income) rather than first information (sales, and operating income), even if the proxies all are in accrual basis. On the other side, investors will always view losers portfolio as a losers portfolio, and it is consistent with three performance proxies. However, for a non-trend portfolio, investor less likely to perform as bias representative investors.

Keywords: bias, *representativeness*, *trend*, kinerja